



# *Alliance of Western Milk Producers*

*Representing California's dairy cooperatives and their producer-owners since 1991*

1225 H Street, Suite 102 • Sacramento, California 95814 • 916-447-9941

February 24, 2006

The Honorable A. J. Yates, Undersecretary  
California Department of Food & Agriculture  
1220 N Street  
Sacramento, CA 95814

Dear Undersecretary Yates:

The Alliance of Western Milk Producers represents three of the State's four major dairy cooperatives in California. These cooperatives market nearly 70% of the milk produced by 1100 of the state's 2000 producers and they own manufacturing facilities.

I noted in the notice of hearing called based on the Dairy Institute's petition to change Class 4a and 4b pricing formulas that the Department saw fit to expand the call of the hearing to include Class 2 and Class 3 price formulas as well. My purpose in writing is to request that the Department narrow the scope of the call of the hearing as regards cheese yields and the removal of the whey factor in the Class 4b formula as proposed by the Dairy Institute in its petition.

The Institute's request to change the Class 4b formula yield factors is exactly the same as the proposal that was in the petition that resulted in the February 1, 2005, hearing to consider changes to the Class 4b formula – change the cheese yield from 10.2 to 10, the fat test from 3.72% to 3.67% and the solids-not-fat test from 8.80% to 8.78%.

The Alliance believes that no positive purpose will be served by rehashing an area that was fully and completely covered at the February 2005 hearing and rejected by the Department.

In its recommendation, the Hearing panel said on page 26 of its report, "Moreover, the Panel does not share the view that the purpose of the Class 4b pricing formula is to price typical California milk. The purpose of the Class 4b pricing formula is to price milk going into the cheese plants." The Secretary supported the panel's finding to leave the yield and test factors in the 4b formula unchanged.

Secondly, the panel recommendation on the dry whey factor was to drop it entirely from the Class 4b formula. This is what the Dairy Institute is asking the Department to again consider doing in its latest petition. Again, this issue has been addressed by the Secretary in his Determination where it was stated that the Department was rejecting the panel's recommendation to drop the whey factor.

As stated previously, A.J., this is ground that was thoroughly covered just a year ago. There is nothing in the Institute's petition to lead anyone to believe that any new Department data, or new facts are available to support either of these re-requested changes. As some point the Department has to decide how often time will be wasted rehashing the same issues, hearing the same arguments, and ultimately, making the same decision to reject that portion of the proposal.

The Alliance believes that point has been reached with the Institute's petition and that these two portions of their proposal should be culled from the call of the hearing.

Sincerely,

A handwritten signature in black ink that reads "Jim Tillison". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

Jim Tillison, CEO

cc: David Ikari  
Alliance Board of Directors